GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:427
ANSWERED ON:25.08.2006
AMENDMENTS TO COMPANIES ACT
Chitthan Shri N.S.V.

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether the Government is laying stress on higher penalty for violation of the Companies Act, 1956 and other governance norms by the companies while finalizing the framework for the new company law;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether the Government is focusing on the issues of transparency and disclosures; and

(e) if so, the details thereof?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) to (e) A Statement is laid on the Table of the House.

Statement annexed to the Answer to the Starred Question No. 427 in the Lok Sabha on 25.8.06.

(a) to (e): The Government is considering a comprehensive revision of the Companies Act, 1956 to enable the corporate legal framework to be more effective in the emerging economic environment and encourage good corporate governance. While preparing the proposals for the new legislation, the requirement of enabling the reasonableness, appropriateness and effectiveness of the penalties in the context of the gravity of the offence is being kept in view. In order that the proposed law enables self-regulation with accountability, provisions for suitable disclosures with requisite transparency are also being examined. In addition the e-Governance Project of the Government, namely MCA-21, would further facilitate easy access to information pertaining to the companies.

Legislative proposals in this regard are being prepared in the form of a comprehensive Companies Bill that would be introduced in the Parliament in due course for consideration.